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CIA believes Noriega would react cautiously to an announcement that the US was tightening enforcement of the existing sanctions. On the political front, he almost certainly would play up the move as another example of US "aggression" against Panama and might seize upon the prospect of new economic hardships to justify postponing any new elections, for example.

On the economic front, we would expect a lower key response. Given his careful treatment of US businesses to date and his recognition of their important role in Panama's economy, ~~the~~ ^{the CIA} doubt he would take drastic steps such as expropriation in reaction to tightened sanctions. Texaco could be the exception to this, given the critical role of the refinery, but the regime might try to work out a "Libyan-style" accommodation wherein Texaco's interests were placed "in escrow" for the time being. In our view, he is more likely to harass employees of the Canal Commission or try to seize some property, such as housing rented out or owned by US firms for its American executives, to retaliate for stricter enforcement.

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Compliance -
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